

Acorn

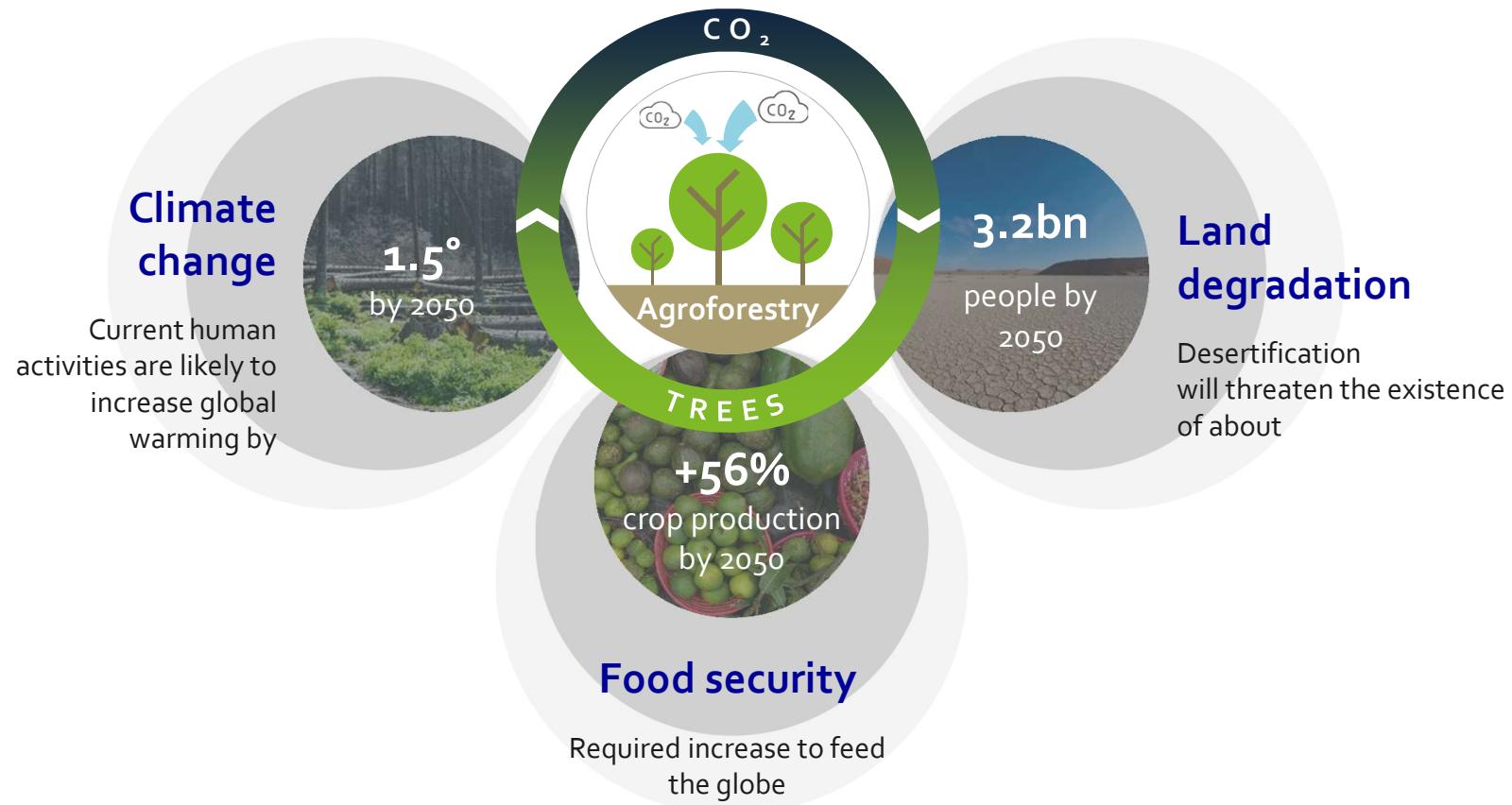
Agroforestry Carbon Removal Units (CRUs)
for the Organic Restoration of Nature



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Our mission is to combat climate change, land degradation and increase food security through unlocking the voluntary carbon market for smallholder farmers

W H Y



Source: FAO, IPBES, IPCC, WRI

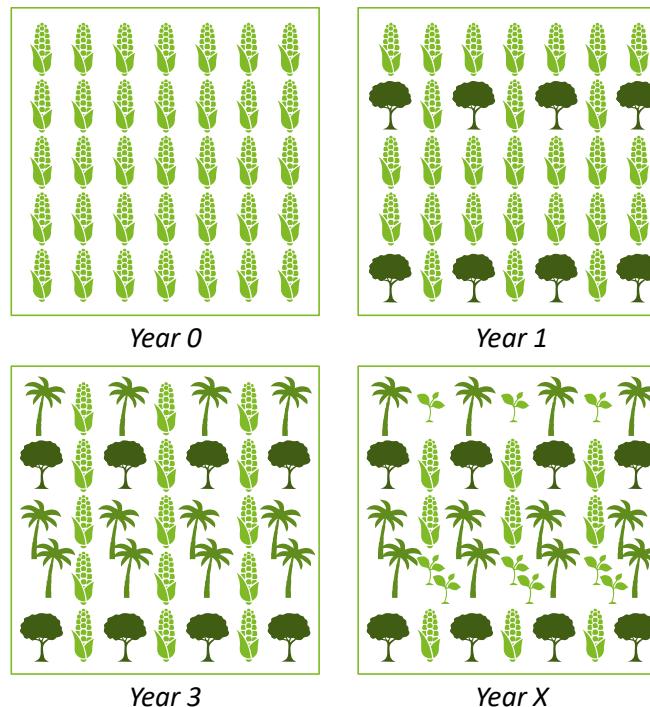
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Acorn aims to support smallholder farmers to make the transition to agroforestry given its versatile benefits

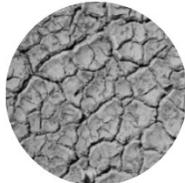
H O W

Monoculture agriculture:

- Depleting soil
- Sensitive to climate change
- Low nutrient diversity
- Low yield per ha
- Income depends on single crop type
- Deforestation



Lower investment costs



Agroforestry:

- Improving soil health
- Increased climate change & weather resilience
- Diverse & high quality nutrients
- Improved yield per ha
- Diversified income streams
- Afforestation

Higher investment costs



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Agroforestry strongly improved livelihoods for coffee farmers in Tanzania

PROJECT EXAMPLE

Kaderes

- Kaderes, a coffee farmer cooperative in the Victoria Basin, Tanzania
- 2,000 farmers onboarded initially, with potential to grow to 20,000
- *Intervention:* providing training and saplings (banana and shade trees in between coffee crops) to farmers

Agroforestry intervention



Benefits for farmers



60-100% income increase through:

- Coffee yield increase from shade trees
- Additional revenue from banana trees
- Proceeds from CRU sales through Acorn platform (5% - 15% of total income benefit)



Improved soil quality



Improved weather resistance

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Acorn is a scalable marketplace that measures and monitors carbon sequestration through remote sensing technology and an umbrella certification scheme through Plan Vivo

W H A T

1

Supply –off setters

Farmer (<10ha) plants trees and sequesters 1 ton CO₂eq in last year



Solidaridad



ONE ACRE FUND

SATELLIGENCE



Engine

Satellite data calculates sequestered CO₂ and generates 1 CRU token

Market-making mechanism developed by Rabobank

Carbon Removal Unit (CRU)

Payment

Register

Global register of biomass growth and CO₂ captured by agroforestry

4

PLAN VIVO
For nature, climate and communities

2

Demand –emitters



Emitter has a carbon footprint of 1 ton CO₂ eq in last year and buys CRU



Microsoft

standard chartered

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Acorn has seen great traction across regions with especially strong presence in LATAM and Africa

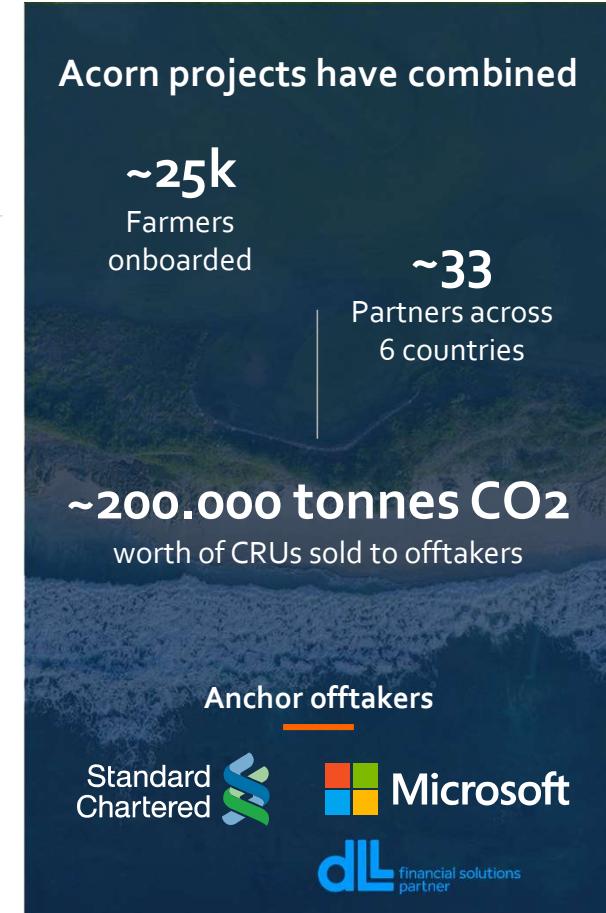
G E O G R A P H I C A L O V E R V I E W



■ Acorn activity

1. ~EUR 13M raised by Solidaridad Network for Acorn projects

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Acorn has solved key challenges, but pre-financing of projects is not yet solved

VALUE PROPOSITION



Currently low reward for smallholder farmers
need for fair pay-out



High monitoring costs throughout the project
need for scalability



High certification costs for each project
need for scalable approach



High investment costs in first few years
need for pre-finance



Unique elements of Acorn proposition



80% of CRU income to farmer

Scalable, low-cost and accurate verification via satellite-base remote sensing of biomass growth



Scalable, low-cost carbon verification, certified and approved by Plan Vivo Foundation, methodology approved by verifier (Aenor and SCS Global)



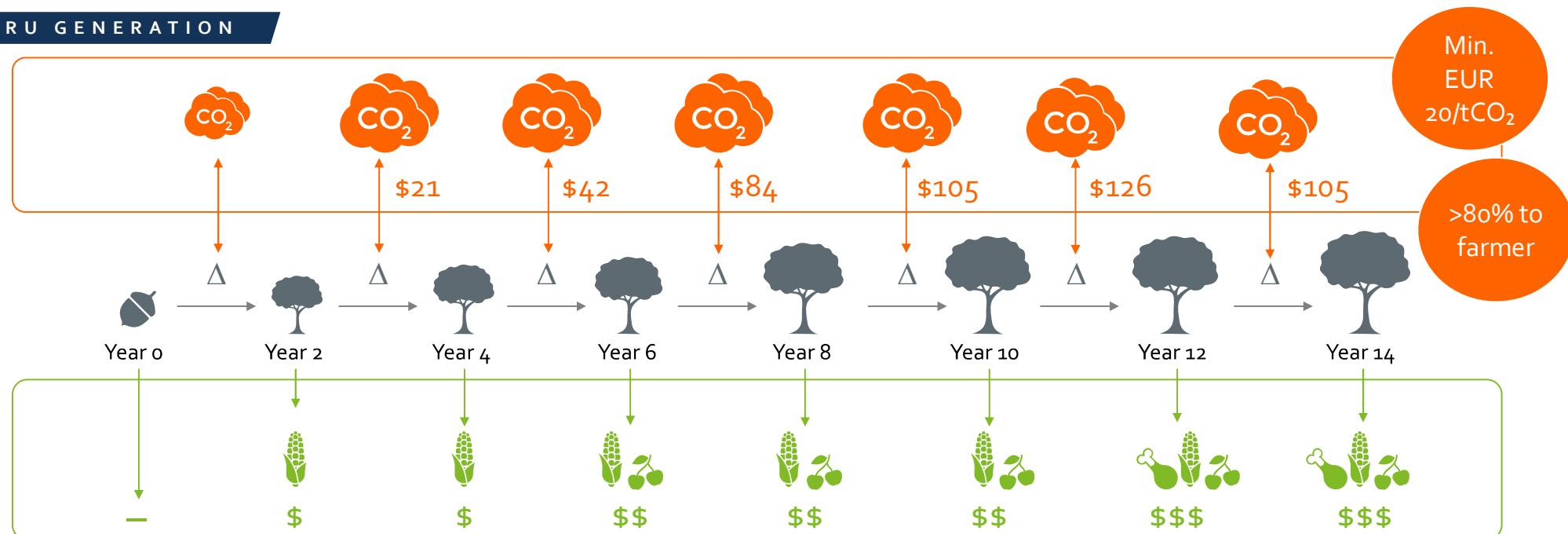
Scalable pre-financing pooling smallholder farmers and paying investors directly from CRU proceeds



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Farmers can repay an initial investment in tree planting and training over time through international cash flows from yearly generated Carbon Removal Units (CRUs)

CRU GENERATION



Grace period
No CRU generation due to ex-post CRUs: no repayments and interest

Repayment period
Repayments through cash sweep, increasing over time following tree growth curve

After debt repayment
80% of CRU proceeds and full additional yield revenues flow to farmer

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(Finance) challenges we encountered

Key challenges



1

Due to investor requirements, local communities not compensated fairly



2

Carbon market perception due to low quality credits without objective measurement of impact or additionality



Critics take aim at 'wild west' carbon offset market

Booming sector can be a cheap but opaque way for polluters to claim emission reductions

3

Climate / Agri funds have very specific eligibility criteria



4

Making investors aware that the current finance requirement do not fit NbS

- Longer tenors needed
- High interest rates (15-25%)
- Farmer lack steady cashflow or collateral

5

Other challenges

- The last mile
- FX challenges
- Governmental regulation (e.g. NDC's, taxation)
- Reducing operational risks

6

Scaling opportunities

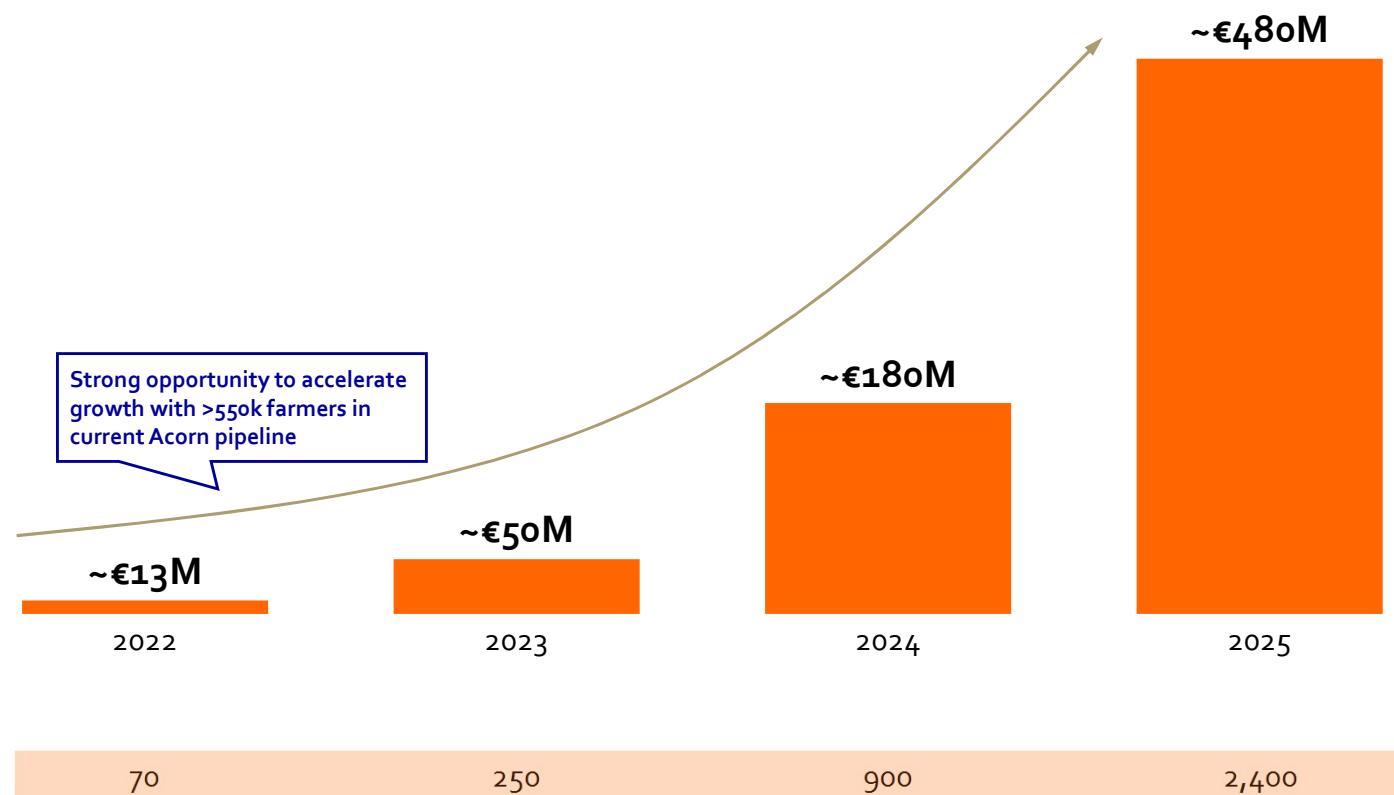
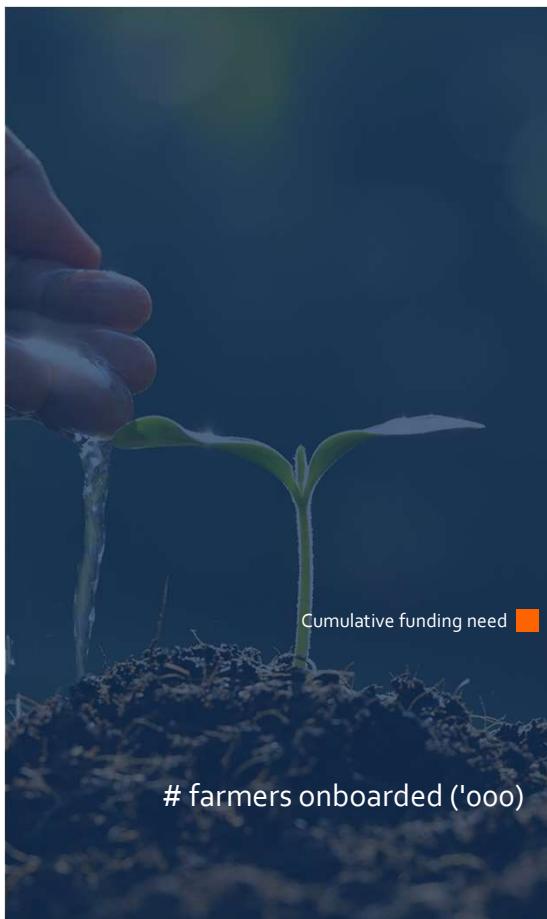
- Matching process time consuming
- Lack of cheap liquidity local FI's
- Need for risk reduction

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Acorn projects will need €150-200M in funding over the next two years

FUNDING NEED

DIRECTIONAL



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Cooperative carbon finance with carbon credits as collateral can accelerate financial inclusion in emerging markets

MFI VS CARBON FINANCE

Traditional finance by MFIs

- Limited liquidity / risk appetite
- No access to cashflows for investors
- High individual farmer risk
- High administration cost per farmer

• Short duration (weeks, months, year)

• High (15% - 25%) interest rates

• Low scalability depending on local players & conditions



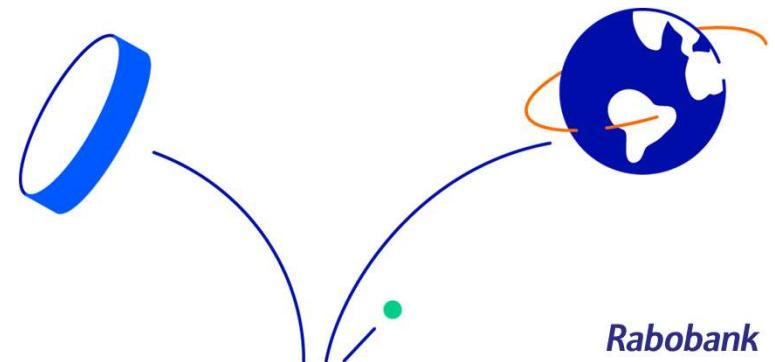
Cooperative carbon finance as gamechanger

- Carbon proceeds flow from Acorn directly to investor
- Cooperative finance through group repayments reduces risk for investors

• Long tenors (up to ten years)

• Lower, fair interest rates (4% - 8%)

• High scalability possible



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Acorn provides a unique investment opportunity against other funds

VALUE PROPOSITION



1

Local communities compensated fairly

- 80% of CRU proceeds go directly to farmer and 10% to local partners
- Credits sold at market prices to ensure fair pricing
- Low interest rates (4-8%)
- No recourse on local communities when project fails

2

High quality credits with objective measurement, impact and additionality

- Carbon sequestration monitored through satellite-based imagery
- Additionality guaranteed: direct link between investment and measured carbon sequestered
- Quality verified by Plan Vivo (ICROA recognized certifier)

3

Strong project pipeline

- Strong pipeline with almost 600k farmers
- Involvement of reputable Local Partners like Solidaridad, One Acre Fund, Global EverGreening Alliance
- Proven execution track record: >10 successful projects

4

Finance that suits farmer needs

- Longer tenors (8-10 years) that fit NbS requirements
- Fair interest rates (4-6%)
- Carbon proceeds flows directly to investors
- No cash out of pocket farmers

5

Other challenges

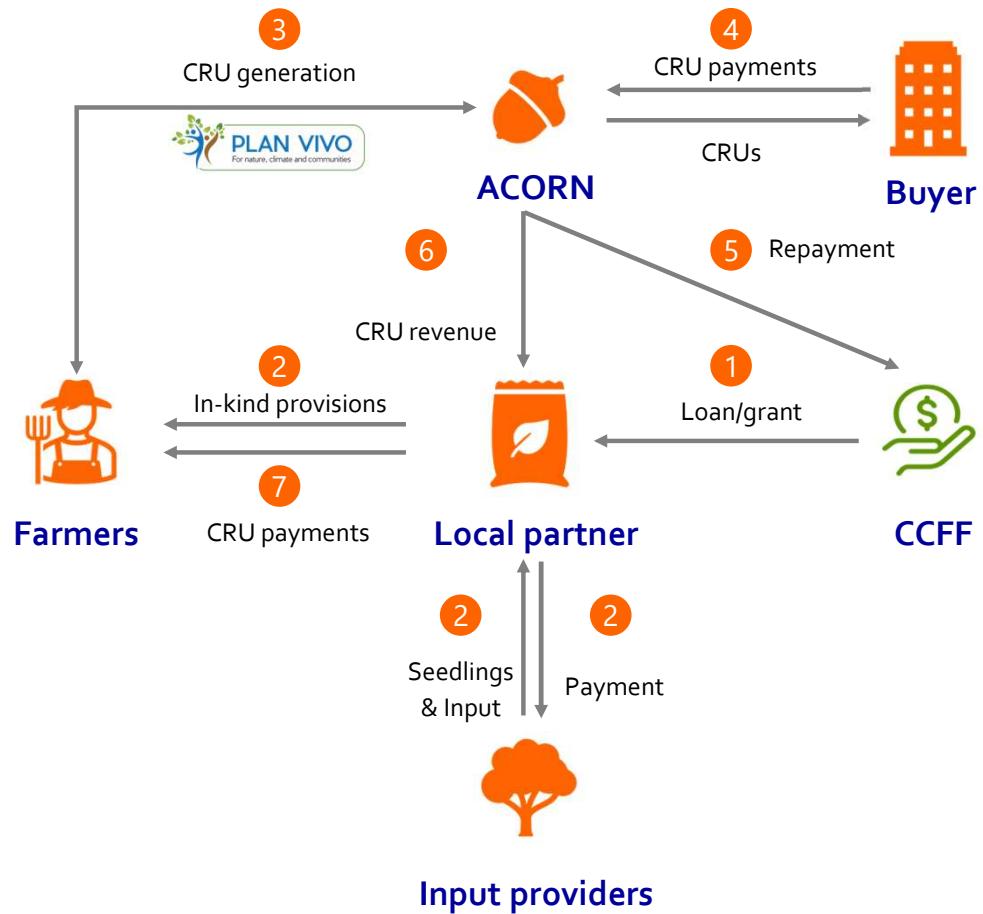
- No FX risk for farmers / investors
- Working with local partners that have existing payment methods and working on new payment solutions

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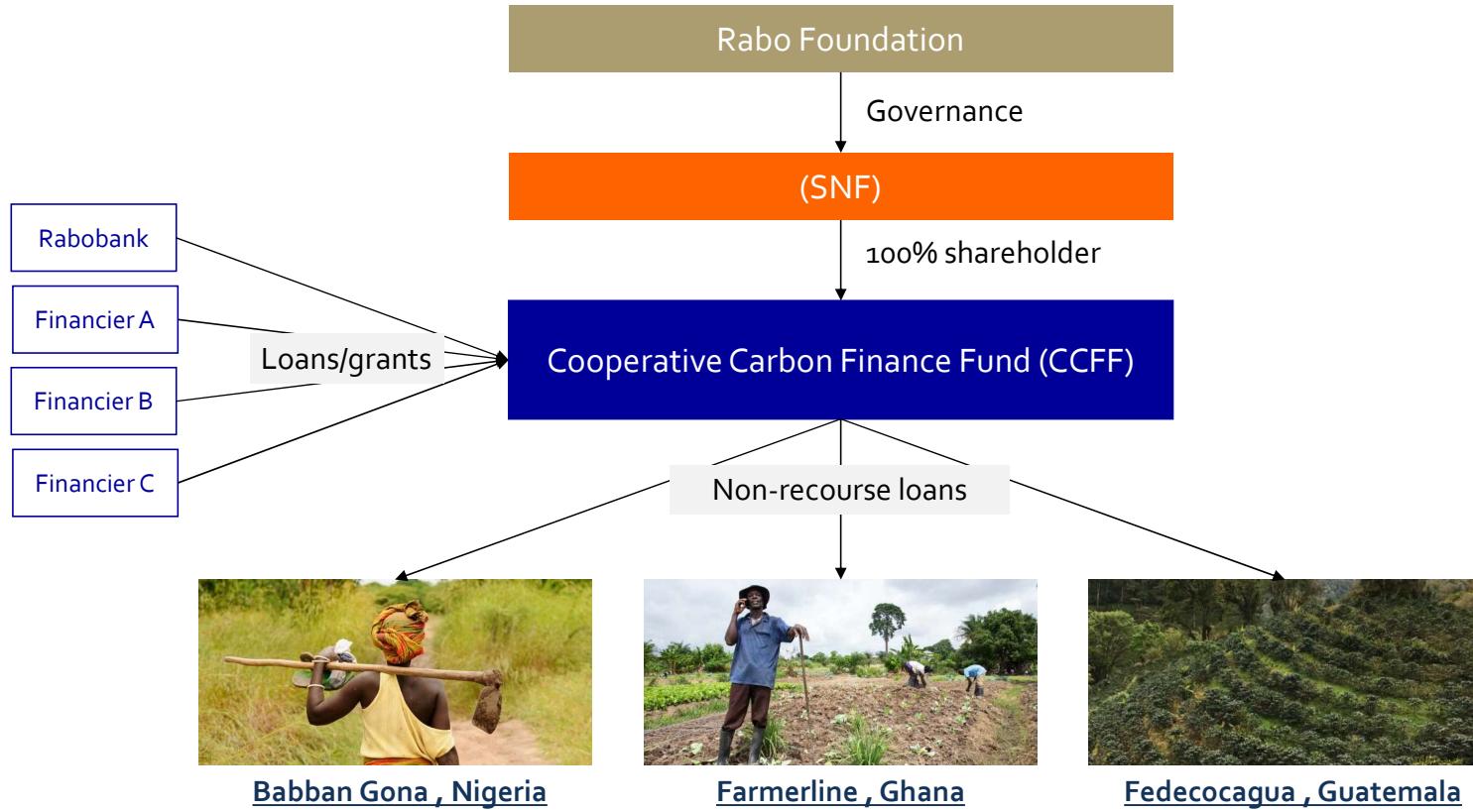
- Building track record for larger fund
- Mitigating risk by global approach

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The Cooperative Carbon Finance Facility (CCFF) enables farmers to indirectly repay the initial investment for the agroforestry transition through future carbon proceeds

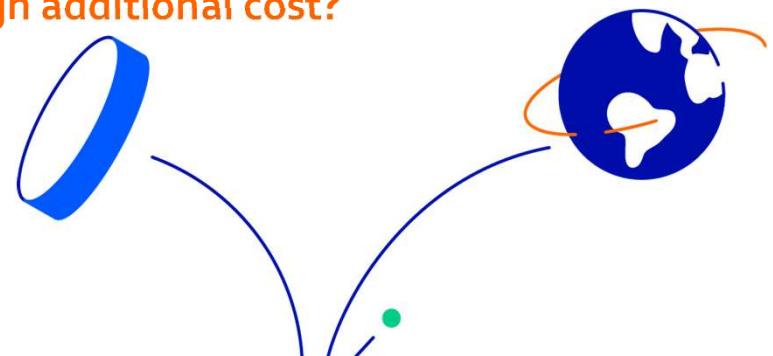


- 1 Financier provides pre-finance (e.g. grant/loan) to Local Partner to cover for upfront investment costs
- 2 Local Partner purchases in-kind provisions (e.g. training, seedlings) to enable farmers to start agroforestry practices and coordinates tree planting/intervention
- 3 Farmers generate CRUs through planting trees. Monitored, certified and sold by Acorn, certified by Plan Vivo
- 4 A corporate off-taker buys CRUs from Acorn against the latest market price, 100% of the CRU price flows to Acorn
- 5 Acorn withholds 10% of the CRU proceeds and repays loan to CCFF based on a % of CRU proceeds
- 6 Acorn transfers 10% of CRU proceeds to LP, remainder (after loan repayment) flows back to LP until loan is fully repaid
- 7 The Local Partner retains 10% of CRU proceeds and in-kind provisions, the remainder flows back to the farmers



Can payments for climate services accelerate financial inclusion in emerging markets?

- Can carbon credits help solve the pre-finance needs and how?
- Can we enhance a CRU by adding biodiversity and other KPI's, are corporates, investors willing to pay a higher price for these additional impact indicators (and for how long)
- How can local FI's develop services that suit the needs of the farmers wanting to take climate/resilience action?
- How can we reduce operational risks that do not result in high additional cost?



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